

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 FEA-01 ERDA-05 AID-05 CEA-01

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INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

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TAGS: EC, ENRG

SUBJECT: BACKGROUND ON MEMORANDUM FROM FIVE EUROPEAN OIL
COMPANIES TO EC COMMISSION

REFS: (A) STATE 236990, (B) BONN 16271

1. IN CONVERSATION WITH MISSION OFFICERS BRONDEL, DIRECTOR
FOR OIL AND NATURAL GAS IN EC COMMISSION DIRECTORATE GENERAL
FRO ENERGY, EXPLAINED THAT MEMORANDUM FROM CFP, ELF, VEGA,
ENI AND PETROFINA (TEXT SENT SEPTTEL) GREW OUT OF SERIES OF
CONSULTATIONS "IN CONFIDENCE" WHICH THE EC COMMISSION HAS BEEN
CONDUCTING SINCE 1974 WITH REPRESENTATIVES OF 12 OIL COMPANIES
OPERATING IN EC COUNTRIES. IN MOST RECENT ROUND (USUALLY
INVOLVING ENERGY DIRECTOR GENERAL WILLIAMS AND SEVERAL OF
HIS STAFF) COMMISSION HAD SOLICITED OIL COMPANIES' VIEWS ON
MARKET TRANSPARENCY, REFINING CAPACITY, AND STORAGE PROBLEMS.
ACCORDING TO BRONDEL, IT HAS BEEN CUSTOMARY FOR OIL COMPANIES
TO SEND LETTER TO COMMISSION FOLLOWING TALKS IN ORDER TO CONFIRM
OR SUMMARIZE VIEWS EXPRESSED DURING TALKS. WHAT WAS UNUSUAL
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IN CASE OF FIVE AFOREMENTIONED COMPANIES WAS THAT THEY HAD

SUBMITTED A JOINT LETTER.

2. BRONDEL THEN EXPLAINED THAT THE REASON FOR THE JOINT APPROACH WAS THAT THE FIVE (AS DISTINCT FROM SHELL AND BP) WERE MAINLY OPERATIVE IN THE EUROPEAN MARKET (80 PCT OF THEIR SALES IN EC COUNTRIES) AND THUS WERE PRESUMABLY MORE AFFECTED BY THE DEPRESSED STATE OF THE EUROPEAN MARKET THAN THE OTHERS. THUS WHILE SHELL AND BP HAD NOT SIGNED THE MEMORANDUM, BRONDEL ASSERTED THEY SHARED SOME OF THE VIEWS EXPRESSED BY THE FIVE. BRONDEL THEN TOOK NOTE OF SPECULATION THAT THE FIVE WERE IN EFFECT CONSTITUTING A "EUROPEAN CARTEL"; HE HIMSELF HAD CHECKED THIS POINT WITH THE COMMISSION DIRECTORATE GENERAL FOR COMPETITION AND HAD BEEN TOLD THAT THE LETTER IN ITSELF WOULD NOT CREATE A CARTEL.

3. ON THE QUESTION OF WHAT HAPPENS NEXT, BRONDEL SAID THAT THE VIEWS EXPRESSED BY ALL THE OIL COMPANIES DURING THE RECENT ROUND OF CONSULTATIONS WOULD BE DISCUSSED AT A MEETING OF THE COMMISSION ENERGY COMMITTEE ON OCTOBER 4. DISCUSSIONS IN THE ENERGY COMMITTEE COULD EVENTUALLY LEAD TO COMMISSION PROPOSALS ON ENERGY POLICY BUT BRONDEL IMPLIED THAT THERE WOULD PROBABLY BE FURTHER CONSULTATIONS WITH THE 12 COMPANIES BEFORE THAT OCCURRED.

4. IN ANY EVENT, THE ONLY RESPONSE WHICH THE COMMISSION HAD GIVEN TO THE JOINT MEMORANDUM OF THE FIVE WAS INDIVIDUAL LETTERS OF ACKNOWLEDGEMENT TO EACH FROM COMMISSIONER SIMONET. IT WAS POSSIBLE THAT SIMONET MIGHT SEE REPRESENTATIVES OF THE FIVE INDIVIDUALLY, BUT THAT HAD NOT YET BEEN AGREED UPON.

5. THE ONLY SUBSTANTIVE COMMENT BRONDEL MADE ON THE PROPOSALS WAS THAT THE SUGGESTION THAT MEASURES SHOULD BE TAKEN TO LIMIT OR TAX IMPORTS OF REFINED PRODUCTS FROM COUNTRIES OUTSIDE THE EC WAS "OF COURSE OUT OF THE QUESTION". HINTON

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